

Australian Leaders Fund Limited

ABN 64 106 845 970

Appendix 4D

Half-year report

for the half-year ended 31 December 2018

Half-year report

This half-year ended report is for the reporting period from 1 July 2018 to 31 December 2018. The previous corresponding half-year ended period was 1 July 2017 to 31 December 2017.

Results for announcement to the market

Revenue from ordinary activities	Down	179%	from	3,262,164	to	(2,581,076)
(Loss) before tax for the period	Up	22%	from	(12,008,298)	to	(14,648,598)
(Loss) from ordinary activities after tax attributable to members	Up	19%	from	(8,190,071)	to	(9,773,314)

Dividends

	Dividend Rate	Total Amount \$	Record Date	Date of Payment	Percentage Franked
Ordinary shares - final 2018	\$0.02	\$5,352,175	31/08/2018	14/09/2018	100%
Ordinary shares - interim 2019	\$0.02	\$5,118,780	15/03/2019	29/03/2019	100%

Net tangible assets

	31 December 2018	31 December 2017
Net tangible asset backing (per share) after tax	1.16	1.20
Net tangible asset backing (per share) before tax	1.16	1.19

Brief explanation of results

ALF's net exposure remained close to zero through the period, reflecting the Investment Manager's cautious view on the outlook for share markets. The Company's international exposure was reduced towards the end of 2018 and represented less than 5% of the gross exposure of the fund by 31 December 2018. The Investment Manager subsequently announced on 20 January 2019, that it would withdraw from international investments, bringing its focus back to the Australian share market.

The dual objectives of the Investment Manager are to outperform the All Ordinaries Accumulation Index and protect the Company's capital in periods when risk in the share market are elevated. By virtue of its fully hedged position, the Company's portfolio withstood the correction in share markets during the final months of 2018 and outperformed its benchmark by 2.2%. However, the Fund did not exceed its performance hurdle and no performance fees were accrued in the period.

Further information

This report is based on the Interim Report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2018 Annual Financial Report.

Australian Leaders Fund Limited

ABN 64 106 845 970

Interim Financial Report for the half-year ended 31 December 2018

Australian Leaders Fund Limited ABN 64 106 845 970
**Interim Financial Report - for the half-year ended
31 December 2018**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Australian Leaders Fund Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Directors

Justin Braitling (Chairman)
Geoffrey Wilson (Non-Executive Director)
John Abernethy (Non-Executive Director)
Julian Gosse (Non-Executive Director)

Company secretary

Mark Licciardo
Belinda Cleminson

Registered office

Level 23 Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Telephone: (02) 9252 0225
Facsimile: (02) 9252 1220
Email: info@wfunds.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange) refer to www.asx.com.au or call (02) 8262 2800.

Share registrar

Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.

Auditor

Pitcher Partners
Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Telephone: (02) 9221 2099
Facsimile: (02) 9223 1762

Securities exchange listing

Australian Securities Exchange (ASX)
The home exchange is Sydney
ASX code: ALF Ordinary Shares

Directors' Report

The Directors present their report together with the condensed financial report of Australian Leaders Fund Limited ("the Company") for the half-year ended 31 December 2018.

Directors

The following persons held office as Directors during the period or since the end of the period and up to the date of this report:

Justin Braitling (Chairman)
Geoffrey Wilson (Non-Executive Director)
John Abernethy (Non-Executive Director)
Julian Gosse (Non-Executive Director)

Principal activities

The principal activity of the Company is making investments in listed and unlisted companies. Having progressively reduced the Company's exposure to international shares throughout 2018, the Investment Manager announced on 20 January 2019 that it would withdraw from investments in global equities and focus exclusively on the Australian share market.

Dividends

Dividends paid to members during the financial period were as follows:

	Dividend Rate	Total Amount \$	Date of Payment	Percentage Franked
Ordinary shares - final 2018	\$0.02	\$5,352,175	14/09/2018	100%

Review of operations

Investment operations over the half-year ended 31 December 2018 resulted in an operating loss before tax of \$14,648,598 (2017: loss of \$12,008,298) and an operating loss after tax of \$9,773,314 (2017: loss of \$8,190,071).

The NTA after tax for each share as at 31 December 2018 amounted to \$1.16 per share (2017: \$1.20). The NTA before tax was \$1.16 per share (2017: \$1.19).

Significant changes in the state of affairs

Having progressively reduced the Company's exposure to international shares throughout 2018, the Investment Manager announced on 20 January 2019 that it would withdraw from investments in global equities and re-focus on the Australian share market.

As a measure to preserve value for shareholders the board announced on 6 November 2018 the approval of an on-market buy back of up to 10% of the Company's fully paid ordinary shares up to a maximum of 26,262,468 shares to be bought back in a 12-month period commencing 6 November 2018. As at 31 December 2018, 6,685,688 shares have been bought back.

This is in addition to the on-market buy back announced on 6 November 2017. At the conclusion of this buy back announced on 6 November 2018 a total of 9,899,237 shares were bought back.

There were no other significant changes in the state of affairs of the Company during the half-year ended 31 December 2018.

Matters subsequent to the end of the half-year

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect:

Matters subsequent to the end of the half-year (continued)

- (a) the Company's operations in future financial periods, or
- (b) the results of those operations in future financial periods, or
- (c) the Company's state of affairs in future financial periods.

Rounding of amounts to nearest dollars

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the Financial Report have been rounded to the nearest dollar, unless otherwise specified.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 4.

This report is made in accordance with a resolution of the Board of Directors.



Justin Braitling
Chairman

Sydney
26 February 2019

**Auditor's Independence Declaration
to the directors of Australian Leaders Fund Limited
ABN 64 106 845 970**

In relation to the independent auditor's review for the half-year ended 31 December 2018, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Leaders Fund Limited.



C I Chandran
Partner

Pitcher Partners
Sydney

26 February 2019

Australian Leaders Fund Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2018

	Half-year ended	
	31 December	31 December
	2018	2017
Notes	\$	\$
Investment income from ordinary activities		
Net (losses) on investments	(8,875,103)	(4,900,722)
Dividends	2,867,405	4,012,289
Trust distributions	199,988	439,510
Interest	3,947,690	4,616,018
Other income	-	11,636
Net foreign exchange (losses)	(721,056)	(916,567)
	<u>(2,581,076)</u>	<u>3,262,164</u>
Expenses		
Management fees	(1,567,620)	(1,669,849)
Brokerage expense	(1,506,271)	(1,887,259)
Short dividend expense	(5,396,955)	(7,247,899)
Interest expense	(2,432,473)	(3,123,502)
Stock loan fees	(803,048)	(892,701)
Accounting fees	(69,540)	(73,501)
Share registry fees	(83,947)	(124,166)
Directors' fees	(45,000)	(45,000)
ASX fees	(46,834)	(43,832)
Audit and tax fees	(37,487)	(79,239)
Other expenses	(78,347)	(83,514)
	<u>(12,067,522)</u>	<u>(15,270,462)</u>
(Loss) before income tax	(14,648,598)	(12,008,298)
Income tax benefit	4,875,284	3,818,227
(Loss) for the period	<u>(9,773,314)</u>	<u>(8,190,071)</u>
Other comprehensive income for the period, net of tax	<u>-</u>	<u>-</u>
Total comprehensive (loss) for the period	<u>(9,773,314)</u>	<u>(8,190,071)</u>
	Cents	Cents
Earnings per share for (loss) attributable to the ordinary equity holders of the Company:		
Basic (loss) per share	4 (3.70)	(3.01)
Diluted (loss) per share	4 (3.70)	(3.01)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Australian Leaders Fund Limited
Statement of Financial Position
As at 31 December 2018

	At 31 December 2018	30 June 2018
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	281,903,236	273,626,097
Trade and other receivables	3,409,137	23,507,653
Derivative financial instruments	143,000	-
Financial assets at fair value through profit or loss	165,740,464	309,152,937
Current tax assets	4,650,081	2,573,217
Other current assets	52,105	-
Total current assets	455,898,023	608,859,904
Non-current assets		
Deferred tax assets	13,248,775	8,415,180
Total non-current assets	13,248,775	8,415,180
Total assets	469,146,798	617,275,084
LIABILITIES		
Current liabilities		
Trade and other payables	1,696,410	21,178,417
Derivative financial instruments	-	87,300
Financial liabilities at fair value through profit or loss	168,989,935	270,570,853
Total current liabilities	170,686,345	291,836,570
Non-current liabilities		
Deferred tax liabilities	8,948	50,638
Total non-current liabilities	8,948	50,638
Total liabilities	170,695,293	291,887,208
Net assets	298,451,505	325,387,876
EQUITY		
Issued capital	6 323,849,998	335,660,880
Profits reserve	5,378,332	4,880,272
Accumulated losses	(30,776,825)	(15,153,276)
Total equity	298,451,505	325,387,876

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Australian Leaders Fund Limited
Statement of Changes in Equity
For the half-year ended 31 December 2018

	Issued capital \$	Profits Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2017	351,356,627	4,476,918	(7,875,914)	347,957,631
(Loss) for the period	-	-	(8,190,071)	(8,190,071)
Transactions with owners in their capacity as owners:				
Transfer to profits reserve	-	403,354	(403,354)	-
Return of capital	(10,900,957)	-	-	(10,900,957)
	(10,900,957)	403,354	(403,354)	(10,900,957)
Balance at 31 December 2017	340,455,670	4,880,272	(16,469,339)	328,866,603
Balance at 1 July 2018	335,660,880	4,880,272	(15,153,276)	325,387,876
(Loss) for the period	-	-	(9,773,314)	(9,773,314)
Transactions with owners in their capacity as owners:				
On-market buy back	6 (11,810,882)	-	-	(11,810,882)
Dividends provided for or paid	7 -	(5,352,175)	-	(5,352,175)
Transfer to profits reserve	-	5,850,235	(5,850,235)	-
	(11,810,882)	498,060	(5,850,235)	(17,163,057)
Balance at 31 December 2018	323,849,998	5,378,332	(30,776,825)	298,451,505

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Australian Leaders Fund Limited
Statement of Cash Flows
For the half-year ended 31 December 2018

	Half-year ended	
	31 December	31 December
	2018	2017
Notes	\$	\$
Cash flows from operating activities		
Purchase of financial assets	(519,261,943)	(516,217,328)
Proceeds from sale of financial assets	642,877,300	675,225,264
Payments for settlements of financial liabilities	(533,439,287)	(693,561,913)
Proceeds from re-purchase of financial liabilities	442,778,056	531,518,048
Interest received	4,075,250	4,506,051
Interest paid	(2,691,684)	(3,125,681)
Dividends and trust distributions received	4,018,365	4,513,480
Dividends paid on short stocks	(5,872,561)	(7,234,568)
Other revenue	-	11,636
Income taxes paid	(2,076,865)	(7,551,331)
Investment management fees paid	(1,323,229)	(1,681,790)
Brokerage expense	(1,517,837)	(1,865,112)
Stock loan fees	(872,403)	(919,230)
Payments for other expenses	(531,910)	(644,427)
Net cash inflow/(outflow) from operating activities	26,161,252	(17,026,901)
Cash flows from financing activities		
Payments for shares bought back	6 (11,810,882)	-
Dividends paid to company's shareholders	(5,352,175)	-
Reduction of capital	-	(10,900,957)
Withholding tax paid on dividends	-	(72,370)
Net cash (outflow) from financing activities	(17,163,057)	(10,973,327)
Net increase/(decrease) in cash and cash equivalents	8,998,195	(28,000,228)
Cash and cash equivalents at the beginning of the half-year	273,626,097	321,558,284
Effects of exchange rate changes on cash and cash equivalents	(721,056)	(916,567)
Cash and cash equivalents at end of period	281,903,236	292,641,489

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these condensed interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The interim financial statements are for the entity Australian Leaders Fund Limited.

(a) Basis of preparation of half-year report

These interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 by a for profit entity ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Australian Leaders Fund Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared on an accrual basis, and are based on historical costs modified by the revaluation of selected financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The interim financial statements were authorised for issue by the Board of Directors on 26 February 2019.

(b) Significant accounting policies

The Company had to change some of its accounting policies as a result of new and revised accounting standards which became effective for the first time in the current reporting period. The affected policies are:

- AASB 9 *Financial Instruments* (and applicable amendments)

AASB 9 became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139. The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting.

Financial instruments

(i) Classification

- Financial assets

The Company classifies its investments based on its business model for managing those financial assets. The Company's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

The Company holds equity securities of \$165,740,464 (2018: \$309,152,937) which had previously been designated at fair value through profit or loss and derivatives of \$143,000 (2018: nil). On adoption of AASB 9 these securities are mandatorily classified as fair value through profit or loss.

1 Summary of significant accounting policies (continued)

(b) Significant accounting policies (continued)

- Financial liabilities

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

The Company holds equity securities of \$168,989,935 (2018: \$270,570,853) which had previously been designated at fair value through profit or loss and derivatives of nil (2018: \$87,300) which had previously been held for trading. On adoption of AASB 9 these debt securities are mandatorily classified as fair value through profit or loss.

Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

Except for the adoption of AASB 9, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim report.

2 Fair value measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL)
- Derivative financial instruments

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

2 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(i) Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2018 and 30 June 2018 on a recurring basis.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 31 December 2018				
Financial assets				
Equity securities	161,936,772	-	-	161,936,772
International equity securities	3,803,692	-	-	3,803,692
Domestic futures	143,000	-	-	143,000
Total financial assets	165,883,464	-	-	165,883,464
Financial liabilities				
Equity securities sold short	(166,159,931)	-	-	(166,159,931)
International equity securities sold short	(2,815,751)	-	-	(2,815,751)
Unlisted equity securities sold short	-	(14,253)	-	(14,253)
Total financial liabilities	(168,975,682)	(14,253)	-	(168,989,935)
At 30 June 2018				
Financial assets				
Equity securities	244,470,163	-	-	244,470,163
International equity securities	64,682,774	-	-	64,682,774
Total financial assets	309,152,937	-	-	309,152,937
Financial liabilities				
Equity securities sold short	(201,746,510)	-	-	(201,746,510)
International equity securities sold short	(68,824,343)	-	-	(68,824,343)
Domestic futures	(87,300)	-	-	(87,300)
Total financial liabilities	(270,658,153)	-	-	(270,658,153)

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets and liabilities have been based on the last close prices at the end of the reporting period, excluding transaction costs.

Included within Level 2 of the hierarchy is an amount in relation to a private placement in which the company has subscribed to during the period. This investment has not listed on a stock exchange as at period end and therefore represents an investment in an inactive market. In valuing this unlisted investment, included in Level 2 of the hierarchy, the fair value has been determined using the valuation technique of the subscription price and the amount of securities subscribed for by the Company under the relevant offer.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels for recurring fair value measurements during the half-year.

2 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(ii) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables approximate their fair values due to their short-term nature.

3 Segment information

The Company has only one reportable segment. The Company operates in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its trading portfolio.

4 Earnings per share

(a) Basic earnings per share

	Half-year ended 31 December 2018 Cents	31 December 2017 Cents
Basic (loss) per share attributable to the ordinary equity holders of the Company	(3.70)	(3.01)
Total basic (loss) per share attributable to the ordinary equity holders of the Company	(3.70)	(3.01)

Diluted earnings per share are the same as basic earnings per share as at the reporting date.

(b) Weighted average number of shares used as denominator

	Half-year ended 31 December 2018 Number	31 December 2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	264,451,234	272,523,924

5 Contingencies

The Company had no contingent liabilities at 31 December 2018 (June 2018: nil).

6 Issued capital

(a) Share capital

	31 December 2018 Shares	30 June 2018 Shares	31 December 2018 \$	30 June 2018 \$
Ordinary shares	255,938,999	267,750,721	323,849,998	335,660,880

(b) Movements in ordinary share capital

Details	Number of shares	\$
Opening balance 1 July 2017	272,523,924	351,356,627
On-market buy back	(4,773,203)	(4,794,790)
Return of capital	-	(10,900,957)
Closing balance 30 June 2018	<u>267,750,721</u>	<u>335,660,880</u>
Opening balance 1 July 2018	267,750,721	335,660,880
On-market buy back	(11,811,722)	(11,810,882)
Closing balance 31 December 2018	<u>255,938,999</u>	<u>323,849,998</u>

(c) Dividend reinvestment plan

The Company has established a dividend reinvestment plan "DRP" under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a 3% discount to the market price. The discount is determined from time to time and is capped at 3%.

The DRP is currently inactive due to the Company underperforming the market.

(d) Share buy-back

The Company announced a 12-month on market share buy-back program on 6 November 2018. Since its commencement the Company has bought back 6,685,688 shares.

This is in addition to the on market buy-back announced on 6 November 2017. At the conclusion of the 12-month period ended 6 November 2018 a total of 9,899,237 shares were bought back.

7 Dividends

(a) Ordinary shares

	Half-year ended 31 December 2018 \$	31 December 2017 \$
Final dividend, franked based on tax paid @ 30%	<u>5,352,175</u>	-

(b) Dividend rate

Dividends paid fully franked at 30% tax rate

	Dividend Rate	Total Amount	Date of Payment	% Franked
Ordinary shares - final 2018	\$0.02	\$5,352,175	14/09/2018	100

(c) Dividends not recognised at the end of the reporting period

There is no interim dividend declared for the half-year ended 31 December 2018 (2017: nil).

8 Events occurring after the reporting period

On 20 January 2019, the Investment Manager announced that it was withdrawing from investments in international shares, in order to re-focus on the Australian share market.

No other matter or circumstance has occurred subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial periods.

Australian Leaders Fund Limited
Directors' Declaration
For the half-year ended 31 December 2018

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Justin Braitling
Chairman

Sydney
26 February 2019

**Independent Auditor's Review Report
to the members of Australian Leaders Fund Limited
ABN 64 106 845 970**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Leaders Fund Limited ("the company"), which comprises the statement of financial position as at 31 December 2018, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *"Review of a Financial Report Performed by the Independent Auditor of the Entity"*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *"Interim Financial Reporting"* and the *Corporations Regulations 2001*. As the auditor of Australian Leaders Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Leaders Fund Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



C I Chandran
Partner



Pitcher Partners
Sydney

26 February 2019